

Chapter DFI-SL 15

INVESTMENTS IN SUBSIDIARIES

DFI-SL 15.01 Subsidiary investments authorized.

Note: Chapter S-L 15 was renumbered chapter DFI-SL 15 under s. 13.93 (2m) (b) 1., Stats., and corrections made under s. 13.93 (2m) (b) 6. and 7., Stats., [Register](#), July, 1998, No. 511.

DFI-SL 15.01 Subsidiary investments authorized.

(1) "INVESTMENT IN SUBSIDIARIES" DEFINED. An association's investment in subsidiaries includes:

- (a) Capital stock and paid in surplus.
- (b) Partnership, joint venture or LLC capital contributions.
- (c) Mortgage loans, commercial loans, loan guarantees and letters of credit related to a subsidiary in which an association has invested.
- (d) Liability for the debt of a partnership, joint venture or LLC.
- (e) Any other obligation for direct or contingent payment of a subsidiary's debt.

(2) CONDITIONS OF INVESTMENT. An association may make an investment in subsidiaries under s. 215.13 (26) (f), Stats., if:

- (a) The division gives prior written approval of the investment; and
- (b) The subsidiary agrees:
 - 1. To restrict its activities to those authorized in writing by the division;
 - 2. To be audited by a certified public accountant at least once each fiscal year and deliver a copy of the certified public accountant's certified report to the division simultaneously with the delivery of the report to it;
 - 3. To file any report requested by the division, submit to periodic examination by the division and pay the expense of the examinations and audits;
 - 4. Not to directly or indirectly enter into a business venture with an officer, director or employee of the association or of a subsidiary unless the division gives prior written approval.
 - 5. To maintain books in accordance with generally accepted accounting principles.
 - 6. To make all books and records available for examination by the division on a timely basis.

(3) APPLICATION CONTENTS. (a) *Corporations.* An application for approval of investment in a corporation under this section shall contain:

- 1. A copy of the corporation's articles of incorporation certified by an officer of the corporation;
- 2. A copy of the corporation's bylaws;
- 3. A copy of the certificate of newly-elected officers;
- 4. An agreement by the corporation and each of its subsidiaries to comply with sub. (2) (b); and
- 5. Other information which the division may require.

(b) *Partnerships and joint ventures.* An application for approval of an investment in a partnership or joint venture under this section shall contain the partnership or joint venture agreement and other information which the division may require.

(c) *LLC.* An application for approval of an investment in an LLC shall contain:

- 1. A copy of the LLC's articles of organization and any amendments.
- 2. A copy of the LLC's operating agreement and any amendments.
- 3. A list of members of the LLC.
- 4. A list of officers, directors or other persons with managerial authority of the LLC.

(4) SPECIAL APPROVAL. An association may make an investment in a subsidiary in which it has less than a majority and controlling interest only if the division gives prior written approval.

(5) APPROVAL CONSIDERATIONS. In acting under this section, factors which the division shall consider include:

- (a) The effect on the safety and solvency of the association;
- (b) Compliance by the association with ch. 215, Stats. and chs. DFI-SL 1 to 19;
- (c) The anticipated benefit to the association and its depositors and other customers; and
- (d) The managerial capabilities and expertise of the personnel of the association and its subsidiaries.

Note: This section interprets or implements s. 215.13 (26) (f), Stats.

History: Cr. [Register](#), June, 1989, No. 402, eff. 7-1-89; [CR 98-137](#); am. (1) (b) and (d), cr. (3) (c) [Register February 2003 No. 566](#), eff. 3-1-03.